



U.S. Immigration
and Customs
Enforcement

September 12, 2005

News Release

ALLEGED INTERNET DISTRIBUTOR OF COUNTERFEIT PHARMACEUTICALS INDICTED AFTER PROBE BY ICE & CHINESE AUTHORITIES

- Defendant is one of 12 suspects arrested in U.S. and China in counterfeit investigation --

HOUSTON, TX -- United States Attorney Chuck Rosenberg announced the indictment and arrest of **Richard Cowley**, 52, of Shelton, Washington, for his alleged involvement in the importation from China and distribution of counterfeit pharmaceutical drugs including Viagra and Cialis.

U.S. Immigration and Customs Enforcement (ICE) arrested Cowley on Friday, September 2, 2005, following the return of a sealed six-count indictment in the Houston Division of the Southern District of Texas. Cowley, who was released on bond by a federal court in Washington, appeared in federal court in Houston for arraignment Monday, September 12, 2005.

Cowley is accused of importing counterfeit pharmaceutical drugs bearing the trademarks of Viagra and Cialis from China into the United States without authorization of the registered holder of the trademarks. Viagra and Lipitor are prescription drugs exclusively manufactured and distributed by Pfizer Pharmaceuticals, the registered trademark holder or under its authority. Cialis is also a prescription drug exclusively manufactured by the Eli Lilly Corporation, the registered trademark holder, or under its authority.

The indictment also charges Cowley with three counts of introducing and causing the introduction into interstate commerce misbranded pharmaceutical drugs including Viagra, Cialis and Lipitor tablets, and two counts of counterfeiting pharmaceutical drugs. Under the Food Drug and Cosmetic Act, which regulates the importation, delivery, distribution and receipt of prescription drugs in interstate commerce, a prescription drug is deemed misbranded if its labeling is false or misleading in any particular manner. A prescription drug is deemed to be counterfeit if it bears a trademark without the authorization of the registrant of the trademark.

The charges brought against Cowley are the result of an undercover operation conducted by special agents of the U.S. Immigration and Customs Enforcement (ICE) in Houston, Texas, based upon information provided by their ICE Attaché office in Beijing, China, regarding an online Internet site "bestonlineviagra.com". The Internet site was allegedly owned and being used by Cowley to distribute bulk quantities of counterfeit Viagra and Cialis manufactured in China.

According to an affidavit filed in the case, the undercover investigation led to a number of email conversations via an "msn.com" address provided by Cowley to the undercover agent and ultimately to the online purchases of counterfeit drugs. In June 2005, the undercover agent placed an order for 1000 Viagra and 1000 Cialis tablets for \$3,650 and 20-milligram sample tablets of Lipitor in a bottle and a blister pack with Pfizer labeling and packaging for \$100. The online order was delivered via FedEx in Houston, Texas. Laboratory analysis conducted by the Food and Drug Administration of the Viagra and Cialis tablets obtained during the undercover operation proved them to be counterfeit, that is, the drugs appeared to be but were not genuine.

Following Cowley's arrest September 2, 2005, ICE Special Agents conducted a search of his residence located on East Bayshore Drive in Shelton, Washington. The warrant authorized agents to seize computers and documents and various other specifically described items indicative of Cowley's use of an internet website to receive orders for counterfeit pharmaceutical drugs, such as Viagra, Cialis, or Lipitor and to contact his suppliers in China to place the order.

Cowley's arrest and indictment was the result of a joint investigation by ICE field offices in Houston, Texas, Shelton, Washington, the ICE Attaché Office of Investigations in Beijing, China, and the Food and Drug Administration, Office of Criminal Investigations, with the assistance of the Pfizer and Eli Lilly pharmaceutical companies.

In conjunction with the investigation of Cowley in the United States, investigating agents assisted officials of the Ministry of Public Security (MPS) and Public Security Bureau (PSB) in China to determine the source of the counterfeit pharmaceutical drugs. As a result of a joint initiative by agents with ICE, the Food and Drug Administration Office of Criminal Investigation, and the Chinese government, a total of 11 individuals have been arrested by Chinese authorities in China for manufacturing and distributing counterfeit Viagra, Cialis and Lipitor, and will be prosecuted by the Chinese government.

In addition to the arrests, five locations in Tianjin City and the Henan province of China were searched by Chinese officials, leading to the seizure of equipment used to process counterfeit pharmaceuticals; 600,000 counterfeit Viagra labels and packaging; 440,000 counterfeit Viagra and Cialis tablets, and 260 kilograms of raw materials used to manufacture counterfeit pharmaceuticals, were seized by Chinese.

For more information about counterfeit or mislabeled drugs consult the Food and Drug Administrations website at www.fda.gov.

Each of the five counts alleging either the misbranding or counterfeiting of drugs carries a maximum penalty of three years in prison, without parole, and a \$10,000 fine. The importation charge carries a maximum penalty of 10 years in prison and \$250,000 fine upon conviction.

This ongoing investigation is being conducted by the Houston office of the U. S. Immigration and Customs Enforcement and the Food and Drug Administration, Office of Criminal Investigations, and is being prosecuted by Assistant U.S. Attorney Samuel Louis.

ICE

ICE, the primary investigative arm of the Department of Homeland Security, was established to bring a unified focus to the enforcement of U.S. immigration and customs laws, with the principal goal of preventing violations by terrorists and other criminals who threaten the nation's security.